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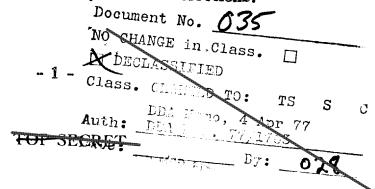
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information from 'a usually reliable Republican source' concerning a Dutch plan to form an interim government on 15 November and to resume military action on 20 November. The Republican Government cites Dutch stalling tactics to avoid resumption of negotiations and their extensive military preparations as confirmation of this report. The Indonesian representative believes that his Government will continue its efforts to maintain peace provided that the Republic has some assurance that the Dutch will not resort to military action. According to the US Embassy in New Delhi, the Government of India has expressed its great concern over recent developments in Indonesia and understands that the Dutch are preparing for another "police action" on a large scale.

(CIA Comment: Regardless of the authenticity of the Republic's information, this appeal to the represents an obvious bid for greater US pressure on the Netherlands Government. The Dutch have, however, consistently obstructed efforts for reaching a peaceful settlement with the Republic and have recently accelerated preparations for the use of military force.)

FAR EAST

2. CHINA: Imminent Communist threat to Nanking—US Embassy Nanking reports that US military observers there estimate that a Communist assault on Nanking will begin within seven to ten days. The Embassy considers that the Nanking garrison is inadequate for a long defense of the city. According to the Embassy, the Nationalist Supreme Headquarters has informed the US Military Attache that the battle for Hsuchou, which has already begun, has been marked by serious defections.



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CIA Comment: CIA anticipates that Nationalist defections will continue to be widespread in the next few days and will be followed by a Communist advance on Nanking. Although Communist forces are capable of assaulting and taking Nanking within the next two weeks, it is more likely that the surrender of the city will be negotiated, as in the case of Mukden.)